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IAC-D-55/9.3
Fourth Draft
3 August 1955

INTELLIGENCE ADVISORY COMMITTEE

Annual Report to the National Security Council
on the Status of the Foreign Intelligence Program
as of 30 June 1955

1. Evaluation of US Capabilities to Provide Warning of Attack

a. The current estimated air capabilities of the USSR have made us even less optimistic than we were last year about our ability to give warning of surprise attack. In the period from now until 1958, the USSR will have a progressively increasing capability for launching attacks on the US in such ways as would probably provide no specific advance warning to US intelligence.

b. The USAF now operates world-wide on a 24-hour basis, an Indications System for detecting imminent Communist attacks, especially air attack with nuclear weapons. Major air commands have subsidiary centers tied in with Washington by exclusive use channel of communications for flash transmission of early warning intelligence.

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2. Evaluation of Soviet Capabilities and Intentions

a. Intelligence is generally adequate to support overall assessments of the strengths of the USSR, Communist China, and the Satellites. The general limitations of intelligence on the USSR are evident in the process of attempting to measure the forces shaping Soviet policy. We can illuminate the broad outlines of the chief problems confronting Soviet leadership, but we are still unable to determine the degree to which these problems, such as the allocation of Soviet economic resources and German rearmament, generate pressures on Soviet policy. The main questions of political intelligence often involve matters of judgment [REDACTED]

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[REDACTED] degree of independence enjoyed by Communist China in matters of major policy, the degree of likelihood that the USSR will withdraw from East Germany, the likelihood of open intervention by the USSR in hostilities between the US and Communist China which threatened the existence of the latter.

b. We have made progress in economic intelligence on the USSR, most notably in improving techniques for measuring economic growth. However, there remains the basic problem, that of determining the extent to which the Soviet economy is capable of meeting the competing

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claims for resources arising from the various internal and external commitments of Soviet policy. In an effort to find some solution to this problem, we have recently focused attention on a particularly difficult and heretofore almost neglected aspect of intelligence on Soviet resources allocation, the estimated economic cost of the over-all Soviet military effort.

c. New techniques for acquiring and analyzing data have advanced our knowledge of Soviet scientific and technological capabilities. Progress has been made in intelligence on Soviet development of guided missiles, nuclear weapons and electronic equipment. Despite advances in these and other fields, important questions such as the characteristics of various guided missiles, the existence and nature of a Soviet biological warfare program, and the apportionment of nuclear material among various types of weapons and systems, remain to be answered.

d. Although we have succeeded in collecting much information on the separate branches of the Soviet armed forces, we have yet to construct the picture of probable Soviet strategy so essential to estimating general trends in the Soviet military establishment, probable Soviet choices in weapons systems, or the strength of

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particular military components. The requirement for such estimates is particularly urgent at the present time because of recent indications that Soviet military thinking is adjusting to the impact of modern military technology.

3. Collection

In most respects there has been little appreciable change in our collection capabilities, largely because of the continued strict enforcement of counterintelligence measures within the Sino-Soviet Bloc. There has been a considerable improvement, however, in the

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ALLEN W. DULLES

Chairman

Intelligence Advisory Committee

Attachments:

Status of Specific Programs

A--Warning of Attack (pp. 5-8)

B--Evaluation and Estimates (pp. 9-20)

C--Collection (pp. 21-32)

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A. WARNING OF ATTACK

1. Evaluation of US Capabilities

a. We believe, as we did at the time of our previous report, that the US could expect possibly as much as six months and not less than 30 days warning of Soviet preparation for full-scale land, sea, and air attack, providing that the Soviets went to full, or nearly full mobilization prior to the attack.

b. The current estimated air capabilities of the USSR have made us even less optimistic than we were last year about our ability to give warning of surprise attack. Should the USSR attempt a major surprise air attack against the US from forward bases in 1955, the preparations might be detected, and if they were, would provide a generalized degree of warning of several days, and specific warning of unusual and possibly threatening air activity on the order of 18-24 hours. A lesser scale of attack, involving about 250 aircraft, if accompanied by an extraordinary security effort could be launched as early as 1955 with little or no specific advance warning to US intelligence (apart from that provided by early warning radar). Attacks against US bases or forces overseas, or against US allies, could be made with equal or greater likelihood of being accomplished without advance warning.

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c. In the period between now and 1958, Soviet capabilities for surprise attacks will almost certainly increase. For example, the USSR will have a progressively increasing capability for launching attacks on the US from interior Soviet bases. Such a method of attack would probably provide no specific advance warning to US intelligence.

2. The Watch Committee of the IAC

The Watch Committee and its permanent staff, the National Indications Center, moved in January to new and more suitable quarters in the Pentagon. A major focus of the Watch Committee's attention during this period has been the situation in the Formosa Straits area. In dealing with the development of that situation, the Watch Committee has improved its techniques, including the compilation and dissemination to the intelligence community and to overseas commands of an indicator list specifically responsive to the Offshore Islands situation.

3. Formosa Straits Coverage

a. In response to the President's desire for coordinated intelligence coverage of the Formosa Straits problem, the IAC established

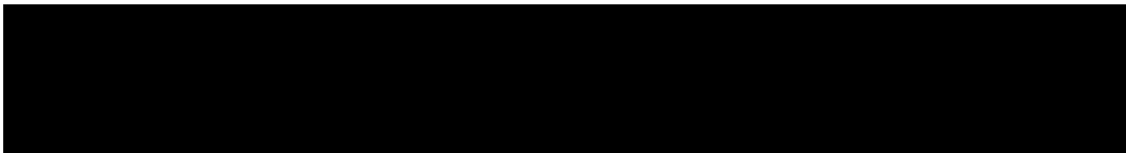
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an ad hoc Current Intelligence Group. This Group issued daily reports from 21 March to 6 May, and now issues weekly reports supplemented by such special reports as events require.

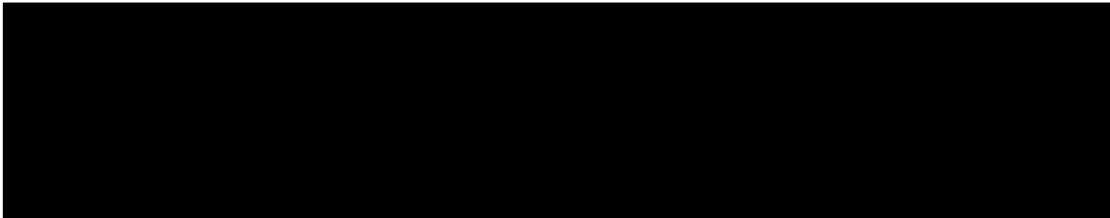
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4. USAF Indications Center

The Air Force has activated, and now operates world-wide on a 24-hour basis, an Indications System keyed to the detection of imminent Soviet/Communist attacks, especially air attack with nuclear weapons. The Air Defense Command, Alaskan Air Command, Far East Air Command, Northeast Air Command and USAF Europe, all have subsidiary indications centers tied in with Washington by "exclusive use" channels of communications for flash transmission of early warning intelligence.

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proposal was declined by the IAC in view of the adequacy of existing communications channels, the present substantial exchange of evaluations, and the processing by the US Indications Center of operational

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materials received under NSC 5438 [REDACTED]

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6. SHAPE Request for Indications Intelligence

We have noted an increase in the requests from SHAPE for intelligence which could be made available to all National Member representatives. The IAC now has before it a request for intelligence on indications of Soviet military aggression. While the policy of the IAC on release of intelligence to SHAPE has been cautious (though more liberal with respect to the Standing Group), we of course make available to General Gruenther and his US staff officers any intelligence of use to them.

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D. EVALUATION AND ESTIMATES

1. National Intelligence Estimates (NIE)

a. The NSC reaffirmed, with procedural changes, its directive for producing "net evaluations" of the capabilities of the USSR to inflict direct injury on the continental US and key US installations overseas. For the pending study, scheduled to go to the NSC on 1 October 1955, the IAC has produced several estimates keyed to the focal period of mid-1958. These have included "Soviet Gross Capabilities for Attacks on the US and Key Overseas Installations Through Mid-1958," and "Probable Intelligence Warning of Soviet Attack on the US Through Mid-1958."

b. Intelligence support was also rendered to the NSC on other topics, and of the 30 NIE's published during the last six months, 19 were related to specific NSC papers or policy decisions (compared to 16 of the 24 published during the preceding six months).

c. Special estimates are in process in support of the work of the Special Assistant to the President for Disarmament.

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d. The IAC is now surveying the use to which recipients are putting NIE's, in order to determine how these estimates can be made more useful to policy makers.

2. National Intelligence Surveys (NIS)

Since the start of the NIS Program in 1948, over 2,700 sections have been produced on 87 foreign countries and areas. This represents over one half of the total world coverage, most of which has been on JCS high priority areas. The goal of 8 equivalent NIS per year established for the program was attained and it is expected that this rate of production will continue. New elements are being produced in accordance with revised interagency requirements for

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[REDACTED] and for psychological warfare and the United States Information Agency programs. There has been improvement during the past year in the collection effort in support of NIS.

3. Military Intelligence

a. We can report no appreciable change in the status of military intelligence as described in our last report (NSC 5509, Part 7).

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(Revised 2 August)

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Military intelligence is generally adequate to support overall assessments of the military, logistical, industrial, and government control strengths of the USSR, Communist China, and the Satellites.

b. Within the last six months improvements have been made in certain limited categories of military information on the Sino-Soviet Bloc. These have included gains in (a) our knowledge of Soviet postwar modifications of tactical doctrine for regiments and battalions, as a result of acquisition of Soviet Field Service Regulations, dated 1953; (b) the degree of reliability and accuracy [REDACTED] (c) our knowledge of the pattern and scope of the Soviet program for modernizing ground weapons, to the extent that such weapons have been issued to troops in Germany and Austria. This last development has also made possible some confirmation of existing estimates on the production of weapons.

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a. Nevertheless, information in many critical fields is not adequate, qualitatively or quantitatively, to provide a satisfactory basis for the formulation of military plans, the calculation of risks, the conduct of military operations, the development of material, the orientation of research, and the allocation of resources.

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d. The Sino-Soviet Bloc continues to exercise the most stringent of security measures. This has steadily reduced overt

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e. In view of the basic nature of the obstacles confronted an expanded program must be operated over a long period of time before a significant reduction in our critical deficiencies is in sight.

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f. [REDACTED] Approximately 85% of the 25X1B
minimal requirements for [REDACTED] in the [REDACTED] 25X1A
[REDACTED], in support of joint war plans, were completed at the end of Fiscal Year 1955. The remaining 15% of the minimal requirements are scheduled for completion by the end of calendar year 1955. Other [REDACTED] desired by the 25X1B

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Services for development of the optimum opportunities for air action, were approximately 70% satisfied at the end of Fiscal Year 1955.*

4. Political Intelligence

a. Resources and capabilities for production of political intelligence on the Sino-Soviet Bloc remain unchanged and continue to make possible a reasonably accurate interpretation of political developments.

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b. The program for analyzing problems of the underdeveloped areas in the free world continues as a major focus of attention, together with the study of vulnerabilities in those areas to Communist infiltration and action. Negotiations are in progress between State and CIA to strengthen the production of intelligence on international Communism. We have also concentrated on attitudes and reactions in the Free World to the development of nuclear weapons, with increasing emphasis upon the question of the force and extent of neutralism. Instructions have been sent to US missions overseas covering utilization of the overseas intelligence assets of [REDACTED]

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5. Economic Intelligence

a. There has been continued improvement in our intelligence on the economy of the Sino-Soviet Bloc. This improvement has been primarily in research and analysis, but also in collection. Useful advances have been made in techniques for the study of long-run Soviet economic growth and for estimates of Bloc capabilities. Increasing emphasis is being given to the costing and economic evaluation of individual Soviet military programs, including guided missiles and air defense programs; and to Soviet defense expenditures. However, there continues to exist important gaps in data on industries and products which are closely identified with priority military uses. Attempts are being made to correct inadequacies in data and methods for analyzing Soviet agricultural capabilities and their implications, Bloc consumer goods production, Soviet economic penetration of underdeveloped areas, and other economic fields of national intelligence interest. The coordination effort in the field of economic intelligence under NSCID 15/1 has been particularly noteworthy in recent months.

b. Special attention has been given to the analysis of the nature and importance of Sino-Soviet relationships to the economic growth potential of Communist China. Outputs of certain basic

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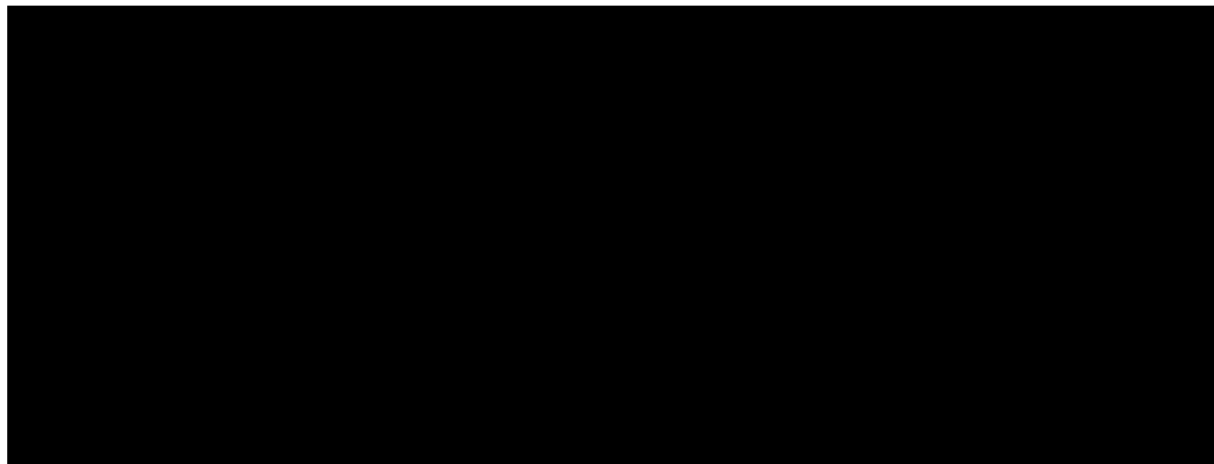
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industries are reasonably well established but more information and expanded research are required on over-all consumption and on agricultural and transportation capabilities.

g. Economic intelligence continues to support the US program for underdeveloped areas. It has given extensive support to the President's program for peaceful uses of atomic energy.

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increased analysis of trade and financial transactions. The completion of an intensive study,

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has provided agreed estimates relating to trade with Communist China.

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6. Scientific and Technical Intelligence

a. Through intensified research our understanding of Soviet basic scientific capabilities and scientific manpower has improved. Successful application of new collection techniques and improved analysis processes, [REDACTED]

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[REDACTED] required for substantial improvement in scientific and technological intelligence.

b. Atomic Energy. Significant information on both technical administrative phases of the Soviet atomic energy program has been obtained during the first half of 1955. [REDACTED]

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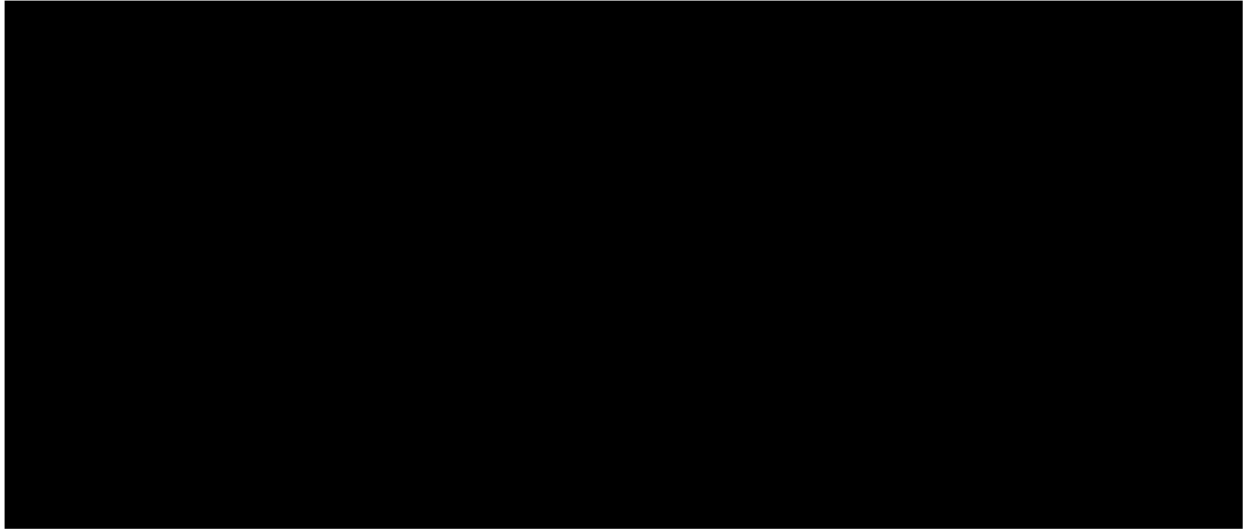
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c. Guided Missiles. Preparation of the first national intelligence estimate on guided missiles revealed critical gaps in our knowledge. Recent action reemphasizing the position of this field within the highest priority category of national intelligence objectives has resulted in increasing the effort on the

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results. To foster further improvements, the IAC is establishing an ad hoc committee to survey and evaluate the status of the nation's guided missile intelligence effort on the Sino-Soviet Bloc.

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In the light of limited, but perhaps significant information recently acquired, we have undertaken a review of the national estimate, completed last fall, of the Soviet guided missile program.

d. Biological Warfare. Based on the experience gained in producing the first community-wide estimate in this field, a joint study of critical deficiencies in biological warfare intelligence and means for their elimination was completed in April. Positive evidence of the nature of the Soviet BW program has yet to be obtained.

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e. Electronics. On the basis of additional information, we have revised upward our estimate of Soviet electronics capabilities. The specific items of information include evidence on new native Soviet equipment including radars, relocation and modernization of already known electronics systems, [REDACTED]

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[REDACTED] should provide improved appraisal of the current state of the Soviet electronics industry and research potential. An increasing amount of information is also being received concerning airborne intercept (AI) radar. The capabilities of the Soviet broadcast jammer system were to a large extent established.

f. Meteorological Intelligence. A survey of critical deficiencies in meteorological intelligence on the Sino-Soviet Bloc is under review by an IAC ad hoc subcommittee.

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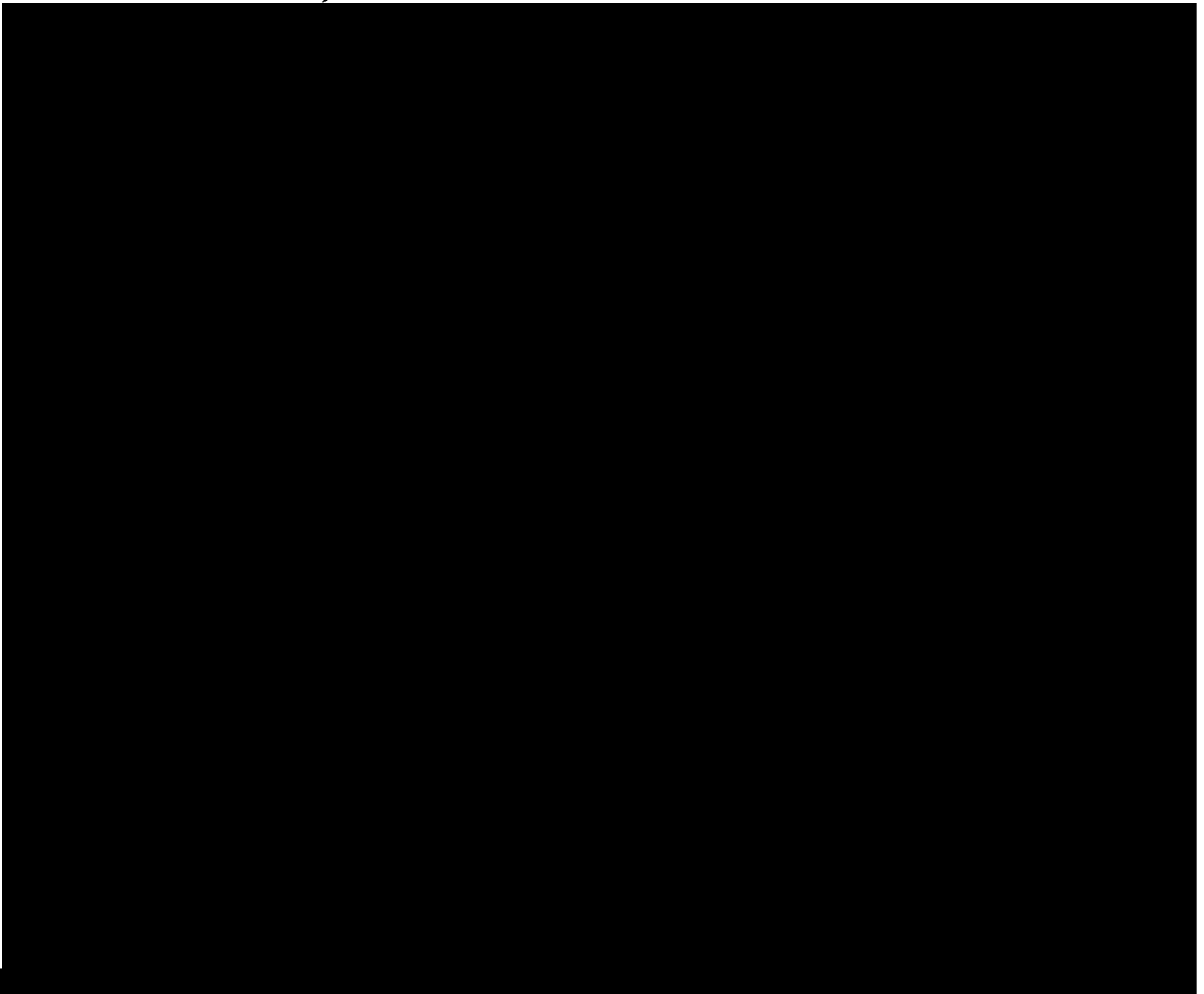
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(NSCID No. 16) has completed surveys of the exploitation of the publications on nine geographic areas of especial intelligence interest.

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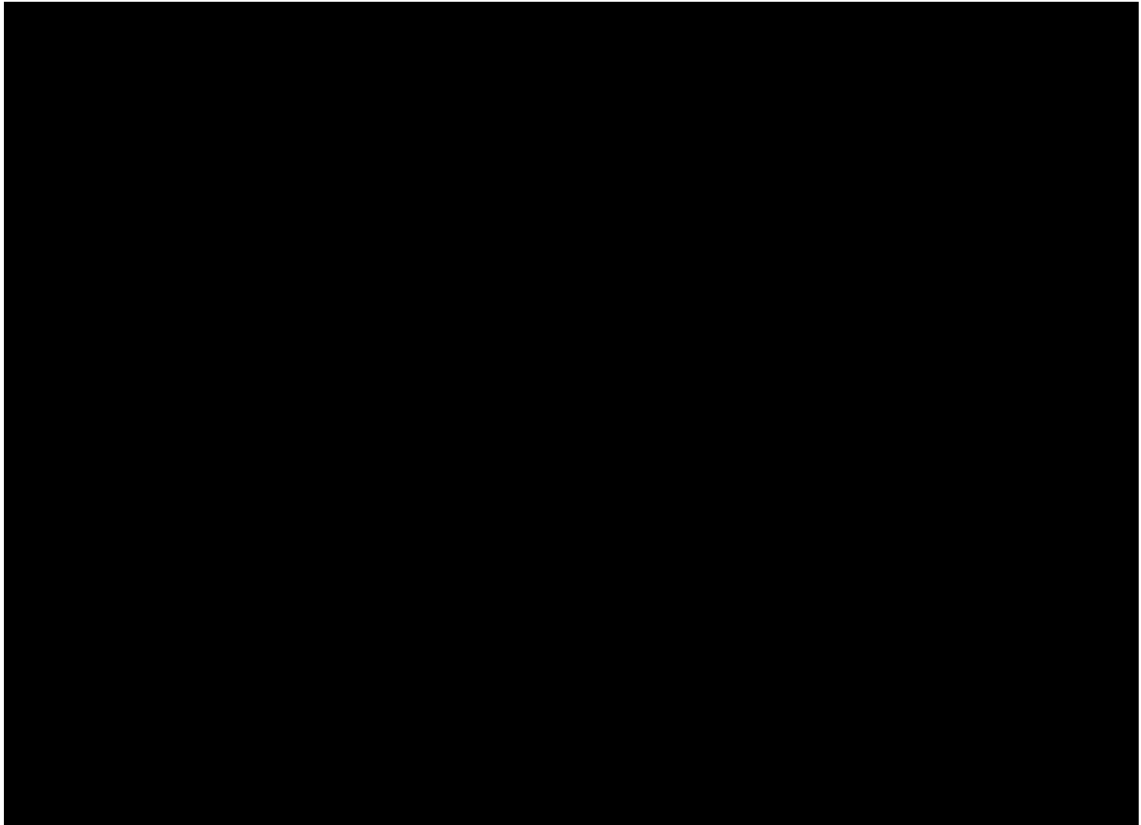
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4. Aerial Reconnaissance

a. Navy and Air Force aerial reconnaissance operations continue to be performed within the framework of policy guidance furnished to operating agencies. The value and capability of this means of gathering intelligence information is recognized; and collection operations are vigorously pursued. For example, the Air Force averages more than one thousand aerial reconnaissance

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flights annually in peripheral regions of the Communist Bloc. Useful data related to Communist Bloc capabilities, techniques of operation, order of battle, military and industrial developments, and installation changes are being obtained in peripheral regions.

b. Recognition of the growing potential of the peacetime employment of aerial reconnaissance has resulted in an invigorated research and development program. Systems currently in the

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available additional teams will be deployed along the Bloc border.

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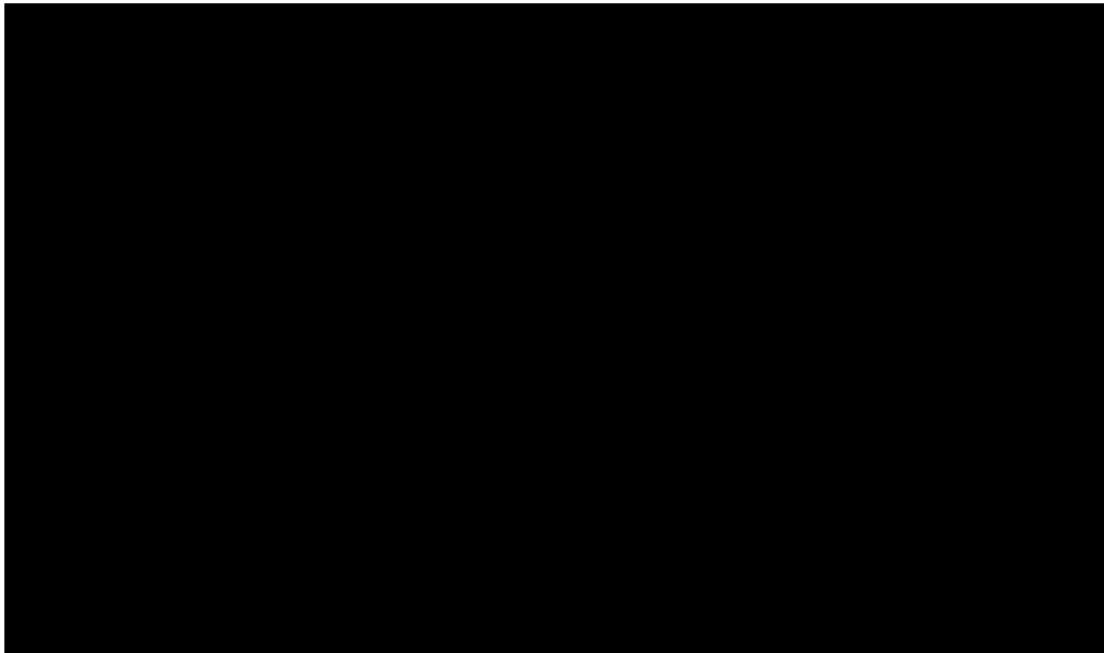
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5. Exploitation of Defectors

In recent months the flow of defectors has been normal in numbers but outstanding or specialized sources have been relatively few as compared with the past year.

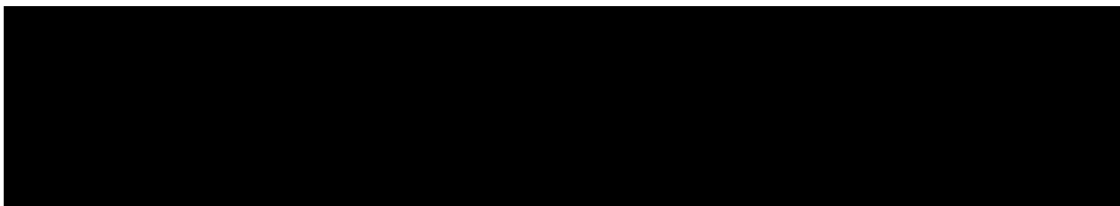
6. Programs in Electronics

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assistance.

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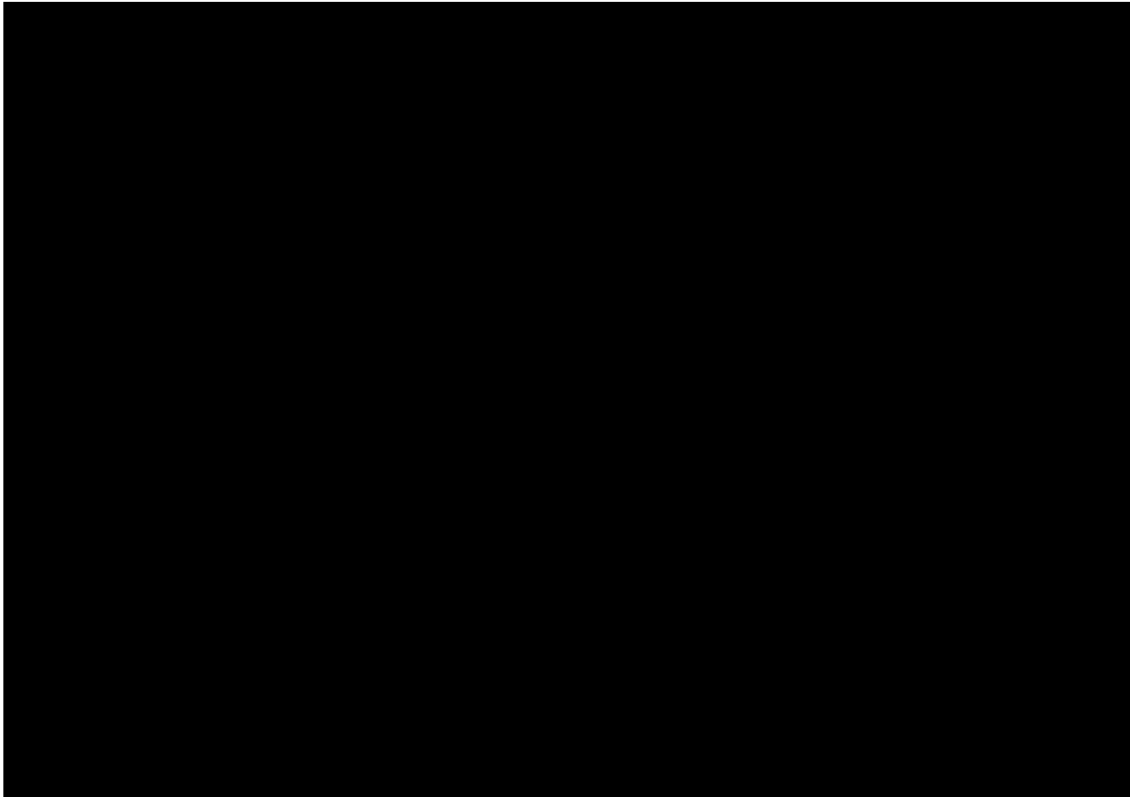


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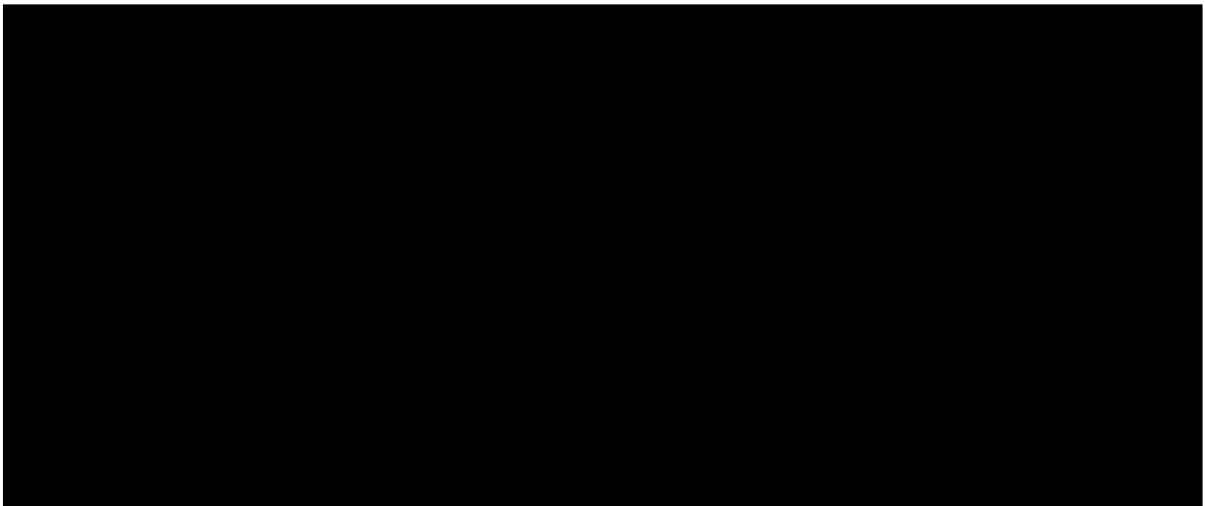
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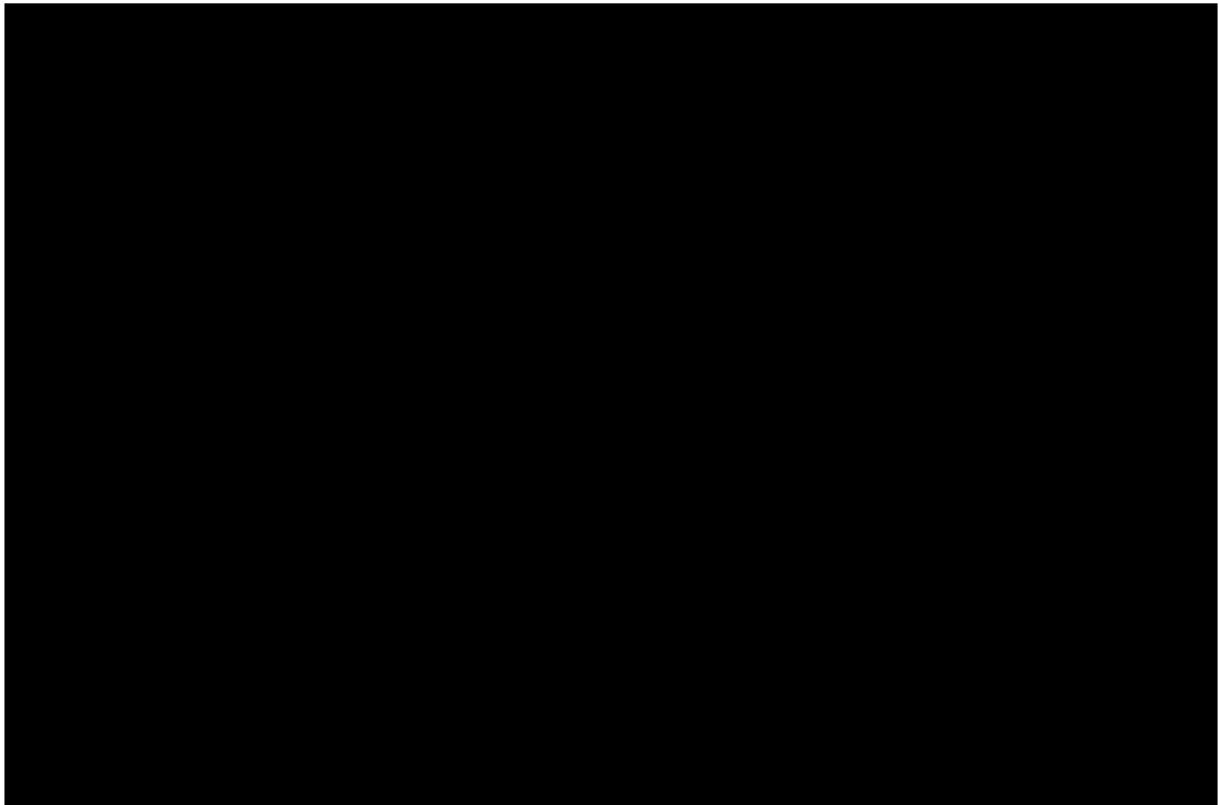


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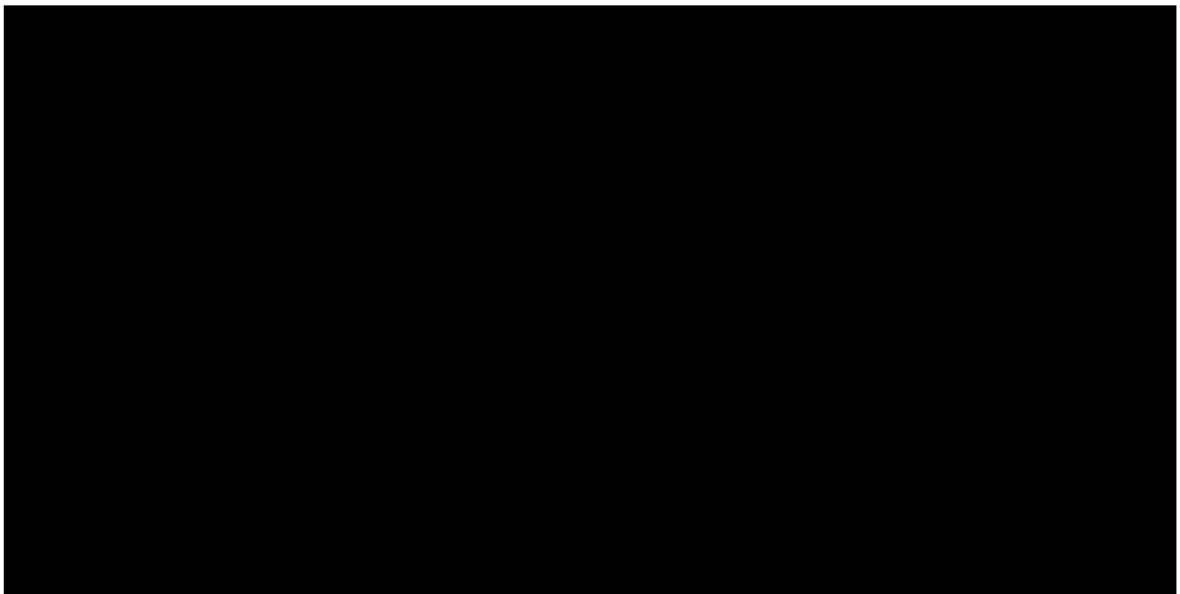
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12. Coordination of Information Processing.

An IAC ad hoc committee on information processing is at work on the increasingly complex problem of handling data within the intelligence community. The committee is now studying existing systems; it will next make studies and recommendations concerning such matters as a common classification scheme; uniform publishing, processing and dissemination procedures; and efficiency of storage and retrieval of intelligence information.

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